

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA**

(1) MICHAEL FRIEDMAN, INDIVIDUALLY
AND ON BEHALF OF ALL OTHERS
SIMILARLY SITUATED,

Plaintiff,

vs.

(1) QUEST ENERGY PARTNERS L.P.; (2)
QUEST ENERGY GP LLC; (3) QUEST
RESOURCE CORPORATION; (4) JERRY
CASH; AND (5) DAVID E. GROSE;

Defendants.

Case No.:

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Michael Friedman, individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Quest Energy Partners LP, ("Quest Energy" or the "Company"), securities analysts' reports and advisories about the Company, and information readily obtainable on

the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than defendants who purchased the common units of Quest Energy pursuant and/or traceable to the Company's Registration Statement and Prospectus issued in connection with the Company's Initial Public Offering (the "IPO") on November 7, 2007 through August 25, 2008, seeking to recover damages caused by defendants' violations of federal securities laws and to pursue remedies under the Securities Act of 1933 (the "Securities Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77(o)).

3. This Court has jurisdiction over the subject matter of this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. §77v(a).

4. Venue is proper in this Judicial District pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a). Pursuant to 28 U.S.C. § 1391(d), QELP may be properly sued in any District in the United States, including the Western District of Oklahoma.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of

interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff Michael Friedman, as set forth in the accompanying certification, incorporated by reference herein, purchased Quest Energy units pursuant to or traceable to the Company's Registration Statement and Prospectus and was economically damaged thereby.

7. Defendant Quest Energy is a Delaware limited partnership with its principal executive offices located in Oklahoma City, Oklahoma. Quest Energy's common units trade on the NASDAQ exchange under ticker "QELP". Quest Energy is the gas and oil production operation arm of its parent, Quest Resource Corporation ("Quest Resource").

8. Defendant Quest Resource is a Nevada corporation with its principal executive offices located in Oklahoma City, Oklahoma. Quest Resource is engaged in the exploration, development, production and transportation of natural gas. Quest Resource divides its operations in two reportable business segments: (a) gas and oil production; and (b) natural gas pipelines—transporting, selling, gathering, treating and processing natural gas.

9. Quest Resource is a controlling entity of Quest Energy within the meaning of Section 15 of the Securities Act. The general partner of Quest Energy, Quest Energy GP, LLC, is a wholly owned subsidiary of Quest Resource. Quest Resource also owns 57% of the limited partnership interests of Quest Energy.

10. Defendant Quest Energy GP, LLC (“Quest Energy GP”) is a Delaware limited liability company. Quest Energy GP is the general partner of Quest Energy and conducts, manages, and oversees the business of Quest Energy.

11. Defendant Jerry Cash (“Cash”) at all relevant times herein served as the Chief Executive Officer (“CEO”) and Chairman of Quest Energy GP until his abrupt resignation announced on August 25, 2008. At all relevant times Cash was the control person of Rockport Energy, a Texas limited liability company.

12. Defendant David E. Grose (“Grose”) at all relevant times herein served as the Quest Energy GP’s Chief Financial Officer (“CFO”).

13. Cash, and Grose are collectively referred to hereinafter as the “Individual Defendants.”

PLAINTIFF’S CLASS ACTION ALLEGATIONS

14. Plaintiff brings this action as a class action on behalf of himself and on behalf of all purchasers of the common stock of the Company issued pursuant to and/or traceable to the Company’s Registration Statement and Prospectus filed in connection with its IPO including purchasers through August 25, 2008, pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a Class. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

15. The members of the Class are so numerous that joinder of all members is impracticable. Approximately 9.1 million common units were sold in the IPO. The precise number of the Class members is unknown to Plaintiff at this time but it is believed to be in the thousands. Members of the Class may be identified from records maintained by Quest Energy or its transfer agent and may be notified of the pendency of this action by mail, using a form of notice customarily used in securities class actions.

16. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

17. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

18. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the provisions of the Securities Act were violated by defendants' acts as alleged herein;

(b) whether documents, including the Registration Statement and Prospectus, press releases, and public statements issued by defendants to the investing public committed and/or misrepresented material facts about the Company and its business; and

(c) the extent to which members of the Class have sustained damages, and the proper measure of damages.

19. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

20. On October 31, 2007 the Company filed with the SEC an amended registration statement on Form S-1/A that contained, among other things, a Prospectus (the "Registration Statement").

21. The Registration Statement became effective on November 7, 2007.

22. On November 9, 2007 the Company filed its Prospectus with the SEC for the offering price of \$18.00 per common unit for 9.1 million shares.

23. On November 15, 2007 Quest Energy completed its IPO and received net proceeds of \$151.2 million.

24. Certain representations made in the Company's Registration Statement and Prospectus in connection with the IPO were materially false or misleading, as demonstrated below:

(a) the Registration Statement and Prospectus failed to reveal the related party transactions between Quest Energy and Rockport Energy-- an entity controlled by the Company's CEO defendant Cash in violation of Generally Accepted Accounting Principles and SEC regulations.

25. The foregoing matters, all of which existed at the time of the IPO, were partially revealed in a Company announcement issued on August 25, 2008. The announcement states in relevant part:

Quest Announces Resignation of Jerry Cash; David Lawler Named President; Boards Form Joint Special Committee to Conduct Investigation
Monday August 25, 9:00 am ET

OKLAHOMA CITY, OK--(MARKET WIRE)--Aug 25, 2008 -- The boards of directors of Quest Resource Corporation (QRCP - News), Quest Energy Partners, L.P. (NasdaqGM:QELP - News) and Quest Midstream Partners, L.P. announced they have accepted the resignation of Jerry Cash, as Chairman and CEO of all three entities, effective immediately. The resignation followed the discovery, in connection with an inquiry from the Oklahoma Department of Securities, of questionable transfers of company funds to an entity controlled by Mr. Cash. Initial indications are that the amount in question appears to involve about \$10 million.

Promptly following the discovery, members of the three boards met in joint sessions on Friday and over the weekend. The boards immediately formed a Joint Special Committee comprised of representatives from each board, including the chairs of the audit committees of Quest Resource Corporation and Quest Energy Partners, to investigate the matter and consider the effects on the companies' financial statements. The Joint Special Committee has retained Spencer C. Barasch of Andrews Kurth LLP to lead the investigation. Chief Financial Officer David Grose was placed on a paid administrative leave of absence during the investigation. Quest has reported this matter to, and intends to fully cooperate with, the U.S. Securities and Exchange Commission and other appropriate governmental and regulatory organizations.

The boards also announced they have unanimously elected David Lawler as president of each entity and have appointed him as a director of Quest Resource Corporation to fill the vacancy created by Cash's resignation. Lawler has more than 17 years of oil and gas industry experience in various senior management and engineering positions and has served as the Chief Operating Officer of Quest Resource Corporation since May 2007. Mr. Lawler has been a director and Chief Operating Officer of Quest Energy Partners since its initial public offering in November 2007. Prior to joining Quest, Lawler served in roles of increasing responsibility for Shell Exploration & Production, most recently as engineering and operations manager for multiple assets along the U.S. Gulf Coast. Prior to joining Shell, Lawler was employed by predecessor companies of ConocoPhillips in various domestic engineering and operations positions.

The company has retained Kroll Zolfo Cooper LLC to assist in the accounting and finance functions during Mr. Grose's absence. Kevin Golmont will be leading Kroll Zolfo Cooper's efforts in this capacity.

The boards have also formed a Joint Strategic Review Committee comprised of one representative of each of the boards to assist Lawler in undertaking a detailed review of each entity's strategy.

"The boards have tremendous confidence in David's abilities," said Jay Rateau, lead director for Quest Resource Corporation. "During his tenure as COO, David has displayed exceptional leadership skills and demonstrated sound financial and technical ability," Rateau added.

"I appreciate the board members' confidence in my ability to lead the Quest entities. In my prior role of COO, I learned the strength of our organization comes from our dedicated employees and our assets. I will work with our employees and board members to continue to execute our business plans as I conduct a strategic review of each organization," said David Lawler.

26. This announcement shocked the market and caused the Company's units to fall \$3.22 per share or nearly 22.7% to \$11.49 per share on August 25, 2008.

27. On August 30, 2008 the Oklahoma Department of Securities posted a news headline on its website. The article reveals that that Oklahoma Department of Securities had

filed a petition in the District Court of Oklahoma County, Oklahoma seeking an injunction and to freeze defendant Cash's assets. The article also revealed that the entity to which Cash improperly transferred Company assets was Rockport Energy, a Texas limited liability corporation that was controlled by Cash. The article states in relevant part:

State Sues ex-CEO of Quest Resource
Sat August 30, 2008

The former chief executive officer and chairman of Quest Resource Corp. is accused by state regulators of improperly moving money out of company accounts for his own benefit.

The Oklahoma Department of Securities filed a civil suit Friday against Jerry Cash, and also obtained a temporary injunction against the former company officer and an order freezing his assets.

According to a petition filed in Oklahoma County District Court, regulators accuse Cash of transferring money from Quest Resource Corp. or its subsidiary, Quest Energy Partners, into an account held by Rockport Energy, a Texas limited liability company.

Once the money was there, he is accused of using it "for personal expenses and/or other business activities not authorized by the boards of directors of either Quest Resource Corp. or Quest Energy Partners," the petition said.

Cash, authorities said, did not admit nor deny the allegations Friday. He did, however, consent to the temporary injunction and the order freezing his assets.

He resigned from his positions with Quest Resource Corp. and Quest Energy Partners once state regulators began investigating. Also, David Grose, Quest's chief financial officer, has been placed on paid administrative leave.

David Lawler, the company's chief operating officer and a director of Quest Energy Partners, has been appointed to take Cash's place on an interim basis.

Lawler, who had worked there just more than a year, also was appointed as a director of Quest Resource Corp.

What the petition alleges:

The court petition accuses Cash of having engaged in a series of suspicious financial transactions between Rockport Energy and Quest Resource Corp. and Quest Energy Partners.

At least three years ago, Cash is accused of having sent an unspecified amount of Quest Resource and/or Quest Energy money to Rockport Energy's bank account.

Then, beginning in 2005, on or within a day of the end of each fiscal quarter for the Quest companies, Cash is accused of having issued a Rockport check back to Quest or one of its entities in amounts ranging from \$400,000 to \$10 million. The account never had enough money to cover the checks, the petition states.

And then, on the day following the end of each fiscal quarter for the Quest companies, Cash is accused of having sent Quest funds again to Rockport, in amounts identical to what the Rockport checks were written for — enabling the Rockport checks to clear.

State officials accuse Cash of having received "a substantial, and as yet undetermined, amount of money" from the fund shuffles, the petition says.

A spokeswoman for Quest Resource Corp. late Friday did not have an immediate reaction to the charges.

Calls placed to Cash's home on Friday were not returned.

Stock performance was poor this week:

It was a bad week for Oklahoma City-based Quest Resource Corp. and its subsidiary, Quest Energy Partners, while state regulators and company officials continued their investigation into the allegations of questionable cash transfers.

Quest Energy Partners' stock lost about 20 percent of its value between the market close on Aug. 22, when it was worth \$14.17, and the market close on Friday when it was worth \$11.41. But it lost the majority of that during the weekend. During this week's trading, the stock's value remained fairly constant.

Quest Resource Corp.'s stock did even worse. It lost about 30 percent of its value, from \$6.93 a share when markets closed Aug. 22 to \$4.81 when markets closed on Friday.

FIRST CLAIM

**Violation of Section 11 of the Securities Act
Against Defendants Quest Energy Partners LP,
Quest Energy GP LLC, Jerry Cash and David E. Grose**

28. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein. This claim is not based on and does not sound in fraud.

29. This claim is brought against defendants Quest Energy Partners LP, Quest Energy GP LLC, Jerry Cash and David Grose ("First Claim Defendants").

30. This claim is brought by Plaintiff on his own behalf and on behalf of other members of the Class who acquired Quest Energy units pursuant to or traceable to the Company's registration statement and prospectus issued in connection with the IPO. Each Class Member acquired his, her, or its shares pursuant to and/or traceable to, and in reliance on, the Registration Statement and Prospectus. Quest Energy is the issuer of the securities through the Registration Statement and Prospectus. The Individual Defendants are signatories of the Registration Statement and Prospectus.

31. The First Claim Defendants owed to the purchasers of the stock obtained through the Registration Statement and Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement and Prospectus at the time they became effective to ensure that such statements were true and correct and that there was no omission of material facts required to be stated in order to make the statements contained therein not misleading.

32. None of the First Claim Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement and Prospectus were true or that there was no omission of material facts necessary to make the statements made therein not misleading.

33. The First Claim Defendants issued and disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination of, material misstatements to the investing public that were contained in the Registration Statement and Prospectus, which misrepresented or failed to disclose, among other things, the facts set forth above. By reason of the conduct alleged herein, each Defendant violated and/or controlled a person who violated Section 11 of the Securities Act.

34. Quest Energy is the issuer of the stock sold via the Registration Statement and Prospectus. As issuer of stock, the Company is strictly liable to Plaintiff and the Class for the material misstatements and omissions therein.

35. At the times they obtained their shares of Quest Energy, Plaintiff and members of the Class did so without knowledge of the facts concerning the misstatements and omissions alleged herein.

36. This action is brought within one year after discovery of the untrue statements and omissions in and from the Registration Statement and Prospectus that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Registration Statement and Prospectus.

37. By virtue of the foregoing, plaintiff and the other members of the class are entitled to damages under Section 11 as measured by the provisions of the Section 11(e), from the First Claim Defendants and each of them, jointly and severally.

SECOND CLAIM

**Violations of Section 15 of the Securities Act
Against the Individual Defendants,
Quest Resource Corporation and Quest Energy GP LLC**

38. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein. This claim is not based on and does not sound in fraud.

39. This claim is asserted against the Individual Defendants, Quest Resource Corporation, and Quest Energy GP LLC, each of whom was a control person of Quest Energy during the relevant time period (the "Second Claim Defendants").

40. For the reasons set forth above in the First Claim, above, Quest Energy is liable to the Plaintiff and the members of the Class who purchased Quest Energy units in the IPO based on the untrue statements and omissions of material fact contained in the Registration Statement and Prospectus, pursuant to Section 11 of the Securities Act, and were damaged thereby.

41. The Second Claim Defendants were control persons of Quest Energy by virtue of, among other things, ownership of the Company, their positions as senior officers of the Company, and they were in positions to control and did control, the false and incomplete statements and omissions contained in the Registration Statement and Prospectus.

42. None of the Second Claim Defendants made reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement and Prospectus were accurate and complete in all material respects. Had they exercised reasonable care, they could have known of the material misstatements and omissions alleged herein.

43. This claim was brought within one year after the discovery of the untrue statements and omissions in the Registration Statement and Prospectus and within three years after Quest Energy's unites were sold to the Class in connection with the IPO.

44. By reason of the misconduct alleged herein, for which Quest Energy is primarily liable, as set forth above, the Second Claim Defendants s are jointly and severally liable with and to the same extent as Quest Energy pursuant to Section 15 of the Securities Act.

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;
- (b) Awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

- (c) Awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: September 5, 2008

Respectfully submitted,

s/William B. Federman

Bar Number: 2853

Attorney for Plaintiff

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Fax: (212) 202-3827

CERTIFICATION

The individual or institution listed below (the "Plaintiff") authorizes the Rosen Law Firm, P.A. to file an action or amend a current action under the federal securities laws to recover damages and to seek other relief against Quest Energy Partners LP ("Quest Energy"), its current and former officers and directors and affiliated parties. The Rosen Law Firm, P.A. agrees to prosecute the action on a contingent fee basis not to exceed one-third of any recovery and will advance all costs and expenses. Any legal fees and expenses will be determined by, and payable, only upon order of the U.S. District Court.

Plaintiff declares, as to the claims asserted under the federal securities laws, that:

1. I have reviewed the complaint against Quest Energy and certain of its officers and directors and authorized the filing thereof by the Rosen Law Firm, P.A., whom I retain as counsel in this action for all purposes.
2. I did not engage in transactions in the securities that are the subject of this action at the direction of plaintiff's counsel or in order to participate in this or any other litigation under the securities laws of the United States.
3. I am willing to serve as a lead plaintiff either individually or as part of a group. A lead plaintiff is a representative party who acts on behalf of other class members in directing the action, and whose duties may include testifying at deposition and trial.
4. The following is a list of all of the purchases and sales I have made in Quest Energy securities during the Class Period set forth in the complaint. I have made no transactions during the class period in the debt or equity securities that are the subject of this lawsuit except those set forth below.

Number of Shares Purchased or Sold	Date(s) Purchased	Price Paid Per Share	Date(s) Sold (if applicable)	Price Sold Per Share
1500	7/14/08	\$15.999		\$
1000	7/14/08	\$16.30		\$
43	7/28/08	\$15.6399		\$
57	7/28/08	\$15.55		\$
200	7/28/08	\$15.41		\$
200	7/28/08	\$15.64		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
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PLEASE FAX CERTIFICATION TO ROSEN LAW FIRM: (212) 202-3827

5. I have not, within the three years preceding the date of this certification, sought to serve or served as a representative party on behalf of a class in an action involving alleged violations of the federal securities laws, except: for the following company(ies):

6. I will not accept any payment for serving as a representative party beyond my pro rata share of any recovery, except reasonable costs and expenses, such as travel expenses and lost wages directly related to the class representation, as ordered or approved by the court pursuant to law.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 3rd day of September, 2008.

Signature: Michael P Friedman

Name: MICHAEL P FRIEDMAN

Address:

Phone:

E-mail:

Item. 4 (continue from prior page if needed)

Number of Shares Purchased or Sold	Date(s) Purchased	Price Paid Per Share	Date(s) Sold (if applicable)	Price Sold Per Share
		\$		\$
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PLEASE FAX CERTIFICATION TO ROSEN LAW FIRM at (212) 202-3827
OR MAIL TO:
THE ROSEN LAW FIRM PA
350 FIFTH AVENUE, SUITE 5508
NEW YORK, NY 10118